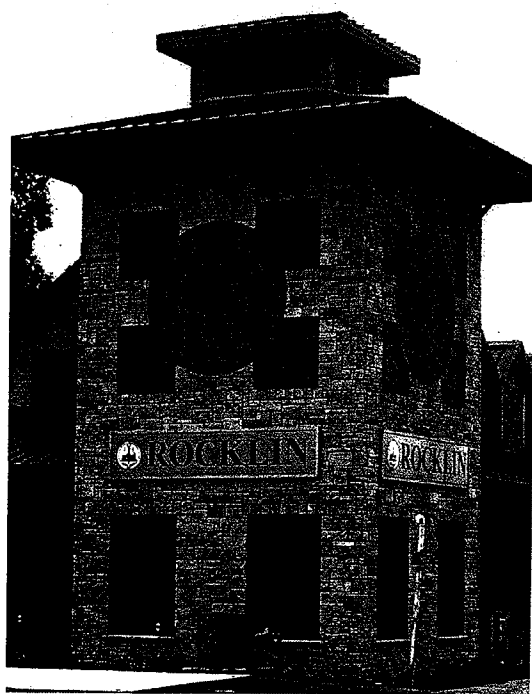




ClimateSmart™ Success Story City of Rocklin

Mark Riemer
Director of Community
Services & Facilities
City of Rocklin

"Going green is not as complicated as everyone thinks, and it is not as costly. There are affordable options, like the ClimateSmart program, that in the long term will make an impact."



ROCKLIN – LEADING THE WAY FOR MUNICIPALITIES

The City of Rocklin, Calif., has its sights set on being an environmental leader with a focus on conservation and resource management. The city has set aside approximately 19 percent of city land area for open spaces and parks, and adopted an oak tree protection ordinance in 1997. A partnership with Placer County Materials Recovery Facility (MRF) enables residents and businesses to place cans, bottles, paper, cardboard, wood and other waste materials into a common receptacle; they are transported to MRF, where they are sorted and diverted.

A 143-kilowatt solar system at its new, state-of-the-art police station generates 40 percent of the electricity required to operate the facility. The city's solar commitment resulted in a \$429,000 solar rebate from Pacific Gas and Electric Company (PG&E). Between 1952 and 2003, as the city was developing, tree canopy coverage increased by 63 percent, from 11 percent to 18 percent overall.

THE FIRST CLIMATESMART PROGRAM CITY

Rocklin continually looks for new ways to reduce its impact on the environment. So, in 2007, the city became the first municipal enrollee in PG&E's ClimateSmart™ program. This enables the city to make its energy use carbon neutral at its facilities.

The city's contributions are based on emissions generated by 218 electric and natural gas metered accounts, including all city buildings, the fire and police departments, the city's community center and all city parks and sports fields.

By providing a quantifiable measure of Rocklin's carbon emissions, the ClimateSmart program helps create accountability. According to Mark Riemer, the city's Director of Community Services and Facilities, "Our participation causes us to always be conscious about simple measures that will help the city reduce its greenhouse gas emissions."

PG&E customers that enroll in the ClimateSmart program make a voluntary, tax-deductible contribution to fund conservation projects. Their monthly energy bills show a separate payment amount that balances out greenhouse gas emissions related to gas and electricity use. 100% of contributions go towards the purchase of carbon offsets.

HOW CAN PG&E HELP?

PG&E can help you incorporate the ClimateSmart program into an integrated energy management portfolio tailored for your business. Contact your PG&E representative or call the **Business Customer Service Center** at **1-800-468-4743**.

Visit www.joinclimatesmart.com to learn more about how you can balance out your company's carbon footprint.



www.joinclimatesmart.com



To make participating customers carbon neutral, PG&E may enter into greenhouse gas emission reduction contracts where the reductions occur over time into the future. The ClimateSmart program is being funded by PG&E customers in accordance with a decision of the California Public Utilities Commission. "PG&E" refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation. The PG&E ClimateSmart logo is a trademark of PG&E.

© 2009 Pacific Gas and Electric Company. All rights reserved.

Printed on recycled paper using soy-based inks.

April 2009

C-4514

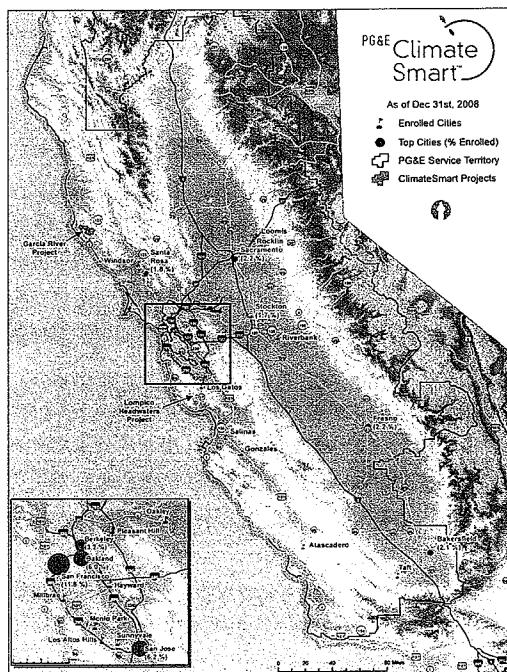
2008 ClimateSmart™ Annual Report

“The ClimateSmart program illustrate[s] the opportunities that exist to address global warming, and the power of individuals to send a message that personal action is both possible and significant.”

Dan Kammen,
Professor,
Energy and Resources Group,
Goldman School of Public Policy
and Director,
Renewable and Appropriate
Energy Laboratory, The
University of California, Berkeley

Pacific Gas and Electric Company's (PG&E) ClimateSmart™ program entered into its second year of operation in 2008. With support from thousands of participants throughout the greater Northern California area, it has achieved numerous successes.

The ClimateSmart program enables PG&E customers to balance out the greenhouse gas (GHG) emissions associated with their own natural gas and electricity use by enrolling to add a modest, monthly, tax-deductible donation on their PG&E bill which is based on their actual energy usage. One hundred percent of program contributions go directly to independently verified GHG emissions reduction projects. To date, contributions from ClimateSmart participants will result in balancing out more than 257,000 tons of GHG emissions – that's equal to removing almost 43,000 passenger cars off the road for a year! These tons of GHG reductions will come from high quality coastal redwood forestry projects in California that absorb carbon dioxide (CO₂) and provide additional environmental benefits, like preserving wildlife habitats and helping to keep coastal streams clean.



ClimateSmart map of participating cities, areas with greatest enrollment and location of forestry projects

Participant Snapshot

By the end of 2008, the number of PG&E customer participants enrolled in the ClimateSmart program more than doubled from 2007 to 30,965. Of those, 642 were non-residential customers including agricultural, governmental, non-profit and faith-based entities, and municipalities such as the Town of Windsor and City of Millbrae. The participants of the program represent 558 different cities stretching from Eureka to Bakersfield.

In continuing its commitment, PG&E contributed shareholder funds to enroll all eligible buildings system-wide, making it the largest single program participant. PG&E was the first ClimateSmart participant when the program began in 2007 and, through 2008, has contributed nearly \$1 million.

A Tax-Deductible Benefit

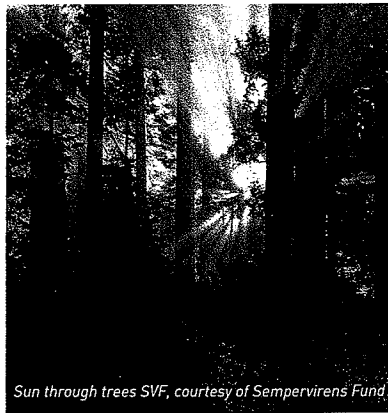
The ClimateSmart Charity, a nonprofit organization separate from PG&E that is the beneficiary of participants' contributions, retains tax exempt status under Section 501(c)(3) of the Internal Revenue Code. This makes customer contributions to the program eligible for a tax deduction.



ClimateSmart Contributions at Work

The ClimateSmart program is working to encompass a variety of project types to further reduce GHG emissions, such as methane gas capture, which has 21 times as much global warming power as CO₂ on a per ton basis. The ClimateSmart program is currently seeking requests for livestock and landfill methane capture projects. Information about new GHG capture and reduction projects is available on the Web site.

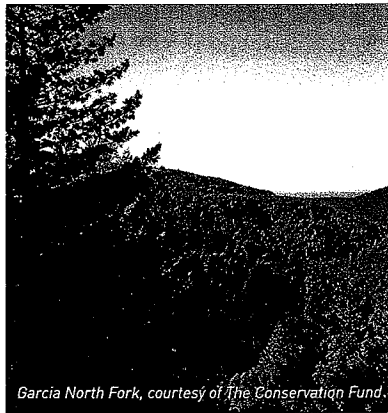
To date, 100% of participant contributions to the ClimateSmart program have been put to work to reduce GHGs by preserving mature coastal redwood forests under the California Climate Action Registry's Forest Protocols. The ClimateSmart program's first two independently verified forest projects will capture approximately 236,000 tons of CO₂ between 2007 and 2021, with the majority of these reductions to be achieved by the end of 2012. The first GHG emission reductions from these projects will be permanently retired by April of 2009. The projects are:



Sun through trees SVF, courtesy of Sempervirens Fund.

Lompico Headwaters Forest Project

Located on 425 acres in the Santa Cruz Mountains, the Lompico Headwaters Forest Project, an effort led by the Sempervirens Fund, will capture CO₂ through a permanent conservation easement that will prevent future logging on the property. In the absence of this ClimateSmart program investment, 202 acres of redwoods would have been logged. In addition to climate benefits, the protected trees provide habitat for rare and endangered species, supply clean and safe drinking water to the local town, and deliver valuable aesthetic and recreational benefits.



Garcia North Fork, courtesy of The Conservation Fund.

Garcia River Forest

Located on 23,780 acres of property in Mendocino County, the Garcia River Forest project, owned by The Conservation Fund, will capture CO₂ by preserving trees that would otherwise have been harvested. These large, mature redwoods will capture significant amounts of CO₂ from the atmosphere. The project will also preserve habitat for many important and sensitive species that inhabit the forest, including northern spotted owls, mountain lions, Coho salmon and steelhead trout.

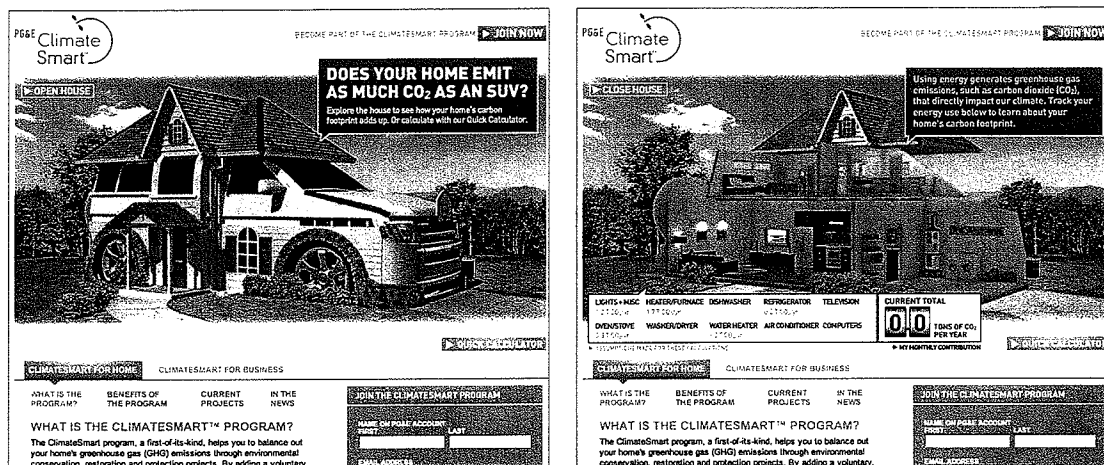
To learn more about and find updates on ClimateSmart project investments, visit www.joinclimatesmart.com.



ClimateSmart Program Outreach and Education

In 2008, the ClimateSmart program continued to educate customers about their carbon footprint and communicated program participation as a way to balance the GHG emissions associated with their energy use.

A milestone of the 2008 outreach efforts was the launch of a new, interactive Web site featuring a home carbon calculator. Visitors can learn and calculate how the various appliances in their home add up to tons of CO₂, find out more about GHG reduction projects and join the program. See the new Web site for yourself and share it with others at www.joinclimatesmart.com.



The new www.joinclimatesmart.com landing page and interactive carbon calculator

The ClimateSmart program provides many benefits to Californians, especially to PG&E customers. The program increases customer awareness of the challenges presented by climate change and the critical role that GHG emission reduction projects play in addressing them. Most importantly, the program gives individual customers the ability to take direct action to combat climate change.

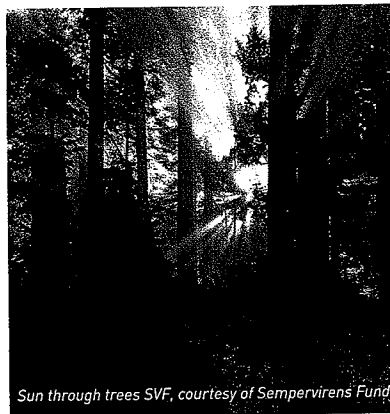
Thank you for supporting the ClimateSmart program. Please encourage friends and colleagues to learn more about joining the program by visiting www.joinclimatesmart.com.



ClimateSmart Contributions at Work

The ClimateSmart program is working to encompass a variety of project types to further reduce GHG emissions, such as methane gas capture, which has 21 times as much global warming power as CO₂ on a per ton basis. The ClimateSmart program is currently seeking requests for livestock and landfill methane capture projects. Information about new GHG capture and reduction projects is available on the Web site.

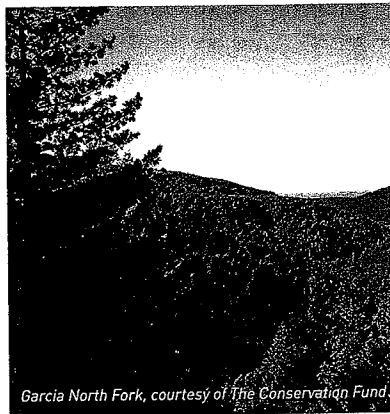
To date, 100% of participant contributions to the ClimateSmart program have been put to work to reduce GHGs by preserving mature coastal redwood forests under the California Climate Action Registry's Forest Protocols. The ClimateSmart program's first two independently verified forest projects will capture approximately 236,000 tons of CO₂ between 2007 and 2021, with the majority of these reductions to be achieved by the end of 2012. The first GHG emission reductions from these projects will be permanently retired by April of 2009. The projects are:



Sun through trees SVF, courtesy of Sempervirens Fund.

Lompico Headwaters Forest Project

Located on 425 acres in the Santa Cruz Mountains, the Lompico Headwaters Forest Project, an effort led by the Sempervirens Fund, will capture CO₂ through a permanent conservation easement that will prevent future logging on the property. In the absence of this ClimateSmart program investment, 202 acres of redwoods would have been logged. In addition to climate benefits, the protected trees provide habitat for rare and endangered species, supply clean and safe drinking water to the local town, and deliver valuable aesthetic and recreational benefits.



Garcia North Fork, courtesy of The Conservation Fund.

Garcia River Forest

Located on 23,780 acres of property in Mendocino County, the Garcia River Forest project, owned by The Conservation Fund, will capture CO₂ by preserving trees that would otherwise have been harvested. These large, mature redwoods will capture significant amounts of CO₂ from the atmosphere. The project will also preserve habitat for many important and sensitive species that inhabit the forest, including northern spotted owls, mountain lions, Coho salmon and steelhead trout.

To learn more about and find updates on ClimateSmart project investments, visit www.joinclimatesmart.com.



www.joinclimatesmart.com